



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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AUG 13 2003

IN REPLY
REFER TO J-33
PROCLTR 03-17

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Revised Defense Logistics Acquisition Directive (DLAD) 4105.1, Subpart 42.71,
Guidance on Voluntary Refunds

The purpose of this PROCLTR is to update the subject guidance. We have raised the threshold for Chief of the Contracting Office approval of voluntary refunds to \$50,000. We have also increased the dollar value threshold to \$500,000 for approval authority delegability of voluntary refund requests made by Defense Supply Centers. Finally, we have added a 2-year limitation on such delegations to ensure they are reviewed periodically.

This PROCLTR is effective immediately and expires upon incorporation of the coverage into the DLAD. If you have any questions regarding this matter, please contact Mr. Jerry Gilbert, J-3313, at either (703) 767-1350 (DSN 427) or jerry.gilbert@dla.mil.

Attachment

CLAUDIA S. KNOTT
Senior Procurement Executive



SUBPART 42.71 - VOLUNTARY REFUNDS

42.7101 Solicited refunds.

(90) Overpricing.

(1) Before any recoupment action is taken, the contractor shall be contacted for any explanation of the basis of its price, and whether a pricing error has occurred. A determination shall then be made as to the existence of overpricing.

(2) If it is determined that overpricing has occurred, the contract should be canceled or a price reduction/voluntary refund requested, as applicable. Voluntary refund requests of **\$50,000** or more shall be approved by the chief of the contracting office (CCO). This approval **authority** may be delegated, **for up to a 2-year period**, to one level below the CCO (**not redelegable, except at DSCs, where it may be redelegated**, for requests that do not exceed **\$500,000**), to the chief of the pricing element and to a level no lower than the level above the contracting officer. The Refund requests with supporting rationale should be made in writing to an appropriate contractor official, and should include amounts related to any previous awards by the contracting office for the item for which a voluntary refund is also requested. Awards to other suppliers of the same item should also be reviewed for apparent overpricing, and any appropriate corrective action pursued in accordance with DFARS 242.71 and this subpart. Apparent overpricing on any award made by any other contracting office should be referred thereto for resolution.

(3) In the event efforts to secure a voluntary refund are unsuccessful, **voluntary refund requests to the company head** shall be referred **for coordination/issuance by** the approving official cited in (2), above.

(91) Nonconformance. Voluntary refunds for contractor-caused nonconformances discovered after Government acceptance shall be handled in accordance with procedures set forth in 46.407(f)(92) through (95).

42.7102 Disposition of voluntary refunds.

(90) Overpricing. The contract shall be modified, canceled, or terminated, or a voluntary or contractual refund request issued, as appropriate. The price recorded in the Contract Technical Data File shall be revised to reflect the price reduction, or the recoupment, and advice of corrective actions initiated or completed shall be forwarded to the Center Comptroller with a request for immediate revision of the standard price, if applicable. This section does not apply to voluntary refunds for contractor-caused nonconformances.
